ORIGINAL
FILE

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Billed Party Preference	)	CC Docket No. 92-77
for InterLATA Calls	)	

JOINT REPLY COMMENTS

CLEARTEL COMMUNICATIONS, INC.
COM SYSTEMS, INC.
INTERNATIONAL PACIFIC, INC.
TELTRUST COMMUNICATION SERVICES, INC.

Jean L. Kiddoo
Ann P. Morton

SWIDLER & BERLIN, CHTD.
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007
(202) 944-4834

Their Counsel

August 27, 1992

TABLE OF CONTENTS

SUMMARY

The opening comments overwhelmingly support Joint Commenters' assessment that the Commission should reject billed party preference ("BPP"). Numerous parties have demonstrated substantial cost recovery, policy and technical reasons why the Commission should not mandate BPP for any types of operator assisted calls.

First, even the scanty LEC cost estimates demonstrate that BPP's costs vastly outweigh any benefit to be gained through BPP. The LECs have projected that hundreds of millions of dollars will be required for BPP development, implementation and ongoing maintenance. Moreover, the LECs have conceded that these figures likely understate substantially the actual total costs of BPP. The record indicates that the industry-wide costs of BPP will range in the billions of dollars.

Second, no party disputes that BPP contradicts the Commission's longstanding pro-competitive policies for the operator services and pay telephone markets. BPP would close the market's door on the specialized carriers and regional IXCs that pioneered 0+ competition, shifting their market share directly into the hands of the three nationwide IXCs.

Third, BPP's forced routing of all operator assisted calls through LEC operator services facilities would further entrench LEC monopoly power at a time when the Commission is otherwise considering the promotion of competition in the local exchange. Also, BPP would produce a huge, anticompetitive intraLATA revenue windfall for the LECs.

Fourth, BPP development and implementation presents complicated technical issues which would require that the industry and the Commission expend substantial resources to resolve. Indeed, many LEC commenters have cautioned the Commission that BPP poses high costs and technical drawbacks. Given this quagmire, even BPP's strongest advocates concede BPP could not be implemented until 1996 at the very earliest, and other parties predict even longer lead times.

The sheer breadth of the issues raised in the comments indicates that BPP's proponents have made little progress over the past five years in resolving the technical difficulties BPP has always presented. Most illuminating, even at this late date, disagreements among BPP advocates have continued to surface. By all accounts, resolving these issues will require substantial industry time and investment, and will drain scarce Commission resources that could be better spent on continued implementation of the operator services regulatory structure authorized by Congress in the Telephone Operator Consumer Services Improvement Act of 1990. As many parties agree, the current regulatory scheme has already redirected the focus of 0+ competition toward consumers and therefore meets the underlying goals of BPP.

If the Commission nevertheless continues to consider BPP, however, at a minimum it must issue a Further Notice of Proposed Rulemaking to examine thoroughly the complex technical implementation issues raised (but not resolved) in the record. In particular, any BPP implementation scheme must include a 0+ balloting procedure which recognizes the differences in the 0+ and 1+ service markets, and that it would be inappropriate and anticompetitive to assign consumers to their existing 1+ carrier for 0+ traffic. To preserve the potential for continued 0+ service competition under a BPP system, all IXCs providing interstate operator services must have an equitable chance to serve end users through separate 0+ balloting. Absent this minimum measure, BPP will be the equivalent of a 0+ revenue handout to the three nationwide IXCs, at the expense of all other competitive IXCs providing 0+ services.

Joint Commenters reiterate, however, that the existing operator services regulatory structure established by the Commission and Congress is working, and should be allowed to mature. Indeed, consumers have an array of carrier choices at aggregator locations today guaranteed by the Commission's unblocking and carrier access code rules which ensure consumers will have access to the networks of their selected carriers. The Commission should not replace the established rules with the expensive and anticompetitive BPP proposal, particularly since it would provide no material benefits to consumers over the current system and its implementation appears uncertain for years to come. The Commission should reject BPP.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED
AUG 2 7 1992
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Billed Party Preference	)	CC Docket No. 92-77
for InterLATA Calls	)	

JOINT REPLY COMMENTS

Cleartel Communications, Inc. ("Cleartel"), Com Systems, Inc. ("Com Systems"), International Pacific, Inc. ("IPI") and TelTrust Communications Services, Inc. ("TelTrust") (together "Joint Commenters"), by their undersigned counsel, hereby submit their reply to the comments addressing the merits of a billed party preference ("BPP") routing methodology for 0+ interLATA payphone traffic and other types of operator-assisted interLATA traffic.[1] As detailed herein, Joint Commenters urge the Commission to decline to mandate BPP. The voluminous record

---

[1] See Notice of Proposed Rulemaking, CC Docket No. 92-77, FCC 92-169 (released May 8, 1992) ("Notice"). The initial comments were filed on July 7, 1992. By Order, DA 92-1058 (released July 31, 1992), the Commission extended the date for filing reply comments to August 27, 1992.

Joint Commenters are regionally-based interexchange carriers ("IXCs") which provide long distance telecommunications services, including 0+ services. Joint Commenters have no corporate affiliation and are not otherwise related to each other in any way. They share similar interests in this proceeding, however, and are filing these reply comments jointly to avoid unnecessary duplication and thereby conserve the resources of the Commission and parties.

demonstrates that BPP lacks merit and would not serve the public interest.

I. INTRODUCTION

Numerous parties agree with Joint Commenters that the Commission should not adopt BPP, and have highlighted the numerous cost, policy and technical reasons why BPP disserves the public interest. Parties supporting BPP, on the other hand, have failed to justify BPP's substantial flaws.

BPP clearly cannot survive a cost/benefit analysis given BPP's huge expense -- which conservative estimates show will be roughly $1 billion for implementation alone -- and the absence of any significant advantages BPP could provide over the current routing system for operator services. Indeed, several LECs have expressed uncertainty about whether they can recover the costs of BPP deployment through "reasonable" tariffed BPP rates.

Many parties have also shown that BPP flatly contradicts the Commission's pro-competitive policies for the operator services and pay telephone markets. If mandated, BPP markedly would reduce 0+ competition, transforming the market overnight into one dominated by the three nationwide IXCs. As shown in the record, under BPP, regional IXCs lacking nationwide origination capabilities would be unable to offer 0+ services comparable to the three nationwide IXCs. Many IXCs agree with Joint Commenters that the Commission's IXC "partnering arrangements" proposal is inherently anticompetitive and would not solve this issue.

Numerous parties have also noted that the forced routing of all 0+ calls through LEC switches would further entrench the monopoly power of LECs in local exchange services, contrary to the Commission's progress in pending regulatory proceedings toward unbundling elements of the local exchange to achieve precisely the opposite result. Moreover, BPP offers the potential for large 0+ intraLATA revenue windfalls for the LECs regardless of state policies allowing intraLATA competition. BPP's supporters have wholly ignored BPP's regressive, anticompetitive policy implications in their comments.

Finally, whatever simplicity BPP appears to possess "in concept" vanishes upon consideration of how to deploy it. If implemented, BPP would not be "consumer friendly." As the record shows, deploying BPP would be difficult, and its heavy expenses would push end user rates upward. BPP's supporters have failed to demonstrate that uniform solutions exist to resolve the technical problems which have been part of the BPP debate from its inception, particularly on the roughly 50 percent of calls requiring operator intervention. While complicating 0+ routing, BPP would not materially improve dialing arrangements for 0+ services.

In short, the record simply does not support mandating a call routing system as expensive and difficult to deploy, and as anticompetitive and unnecessary in light of existing regulations, as BPP. The Commission should reject BPP.

II. THE RECORD FIRMLY SUPPORTS JOINT COMMENTERS' ASSESSMENT THAT BPP WILL BE EXPENSIVE AND RAISE DIFFICULT COST RECOVERY POLICY ISSUES, AND WILL NOT PROVIDE ANY MATERIAL BENEFITS OVER CURRENT DIALING ARRANGEMENTS

The vast majority of parties have stated that BPP entails huge capital investment costs. Indeed, for BPP implementation covering all 0+ and 0- interLATA calls, numerous LECs have indicated that BPP would cost hundreds of millions of dollars.[2] These LEC estimates are incomplete because they do not account for BPP costs to IXCs, payphone providers and other aggregators, or even reflect the costs of every component required by the LECs to implement BPP.[3] Joint Commenters have already shown that ongoing costs of BPP for IXCs will likely reach the range of $1 billion annually.[4] And, payphone providers and other aggregators would incur costs and suffer stranded investments if the Commission requires BPP.[5] Based on this record, the industry-wide final BPP cost figures are likely to amount to billions of dollars. Indeed, BPP's costs would amount to at least double the total annual operator service revenues of the

---

2 See Attachment A appended hereto. See also, e.g., Ameritech Comments at 16-18; Bell Atlantic Comments at 3, Attachment A; BellSouth Comments at 11-12, Exhibits 1, 2; NYNEX Comments at 4-20, Attachments A-L; Pacific Companies Comments at 18-22; U S West Comments at 4-7, Appendix; GTE Comments at 10-12; SNET Comments at 2-5; Sprint Comments at 19-21 (citing United cost figures).

3 See, e.g., AT&T Comments at 11-14.

4 See Joint Comments of Cleartel, Com Systems, IPI and Teltrust ("Joint Comments") at 9.

5 See, e.g., Comments of the American Public Communications Council ("APCC") at 25.

smaller, specialized IXCs serving this market, estimated to be $566 million in 1991.[6]

BPP cannot survive a cost/benefit analysis by the Commission.[7] Despite the opportunity here and in several previous rounds of public comment on BPP, no BPP supporter has demonstrated that BPP provides advantages over current presubscription arrangements that justify BPP's large capital and recurring costs.[8] Unlike Joint Commenters and many other parties, BPP supporters have not analyzed their cost showings in direct relation to the small fraction of operator assisted calls for which BPP could provide any conceivable benefit.[9] Especially when viewed this way, the cost figures strongly support the Commission's rejection of BPP.

---

6 Joint Commenters understand that an industry survey of IXC business and residential revenues for 1991 has determined the $566 million figure for operator services provided by smaller, specialized 0+ carriers.

7 See Capital Network System, Inc. ("CNS") Comments at 17 (citing the Commission's commitment to rigorous cost/benefit analyses for major regulatory decisions).

8 The Commission has already conducted several rounds of public proceedings on the merits of BPP. First, in 1987, the Commission considered comments on the Ameritech Petition. See generally RM-6113, Petition of the Ameritech Companies for Amendment of Part 69 of the Rules to Enable Exchange Access "Dial 0" Services To Be Provided by Local Exchange Carriers. Then, in 1989, numerous parties filed comments on the Bell Atlantic Petition, and filed supplemental comments in late 1991. See generally RM-6723, Bell Atlantic Telephone Companies Petition to Establish Uniform Dialing Plan From Pay Telephones.

9 See, e.g., AT&T Comments at 7-8; Joint Comments at n.27; CompTel Comments at 12-13.

Moreover, virtually every party providing BPP cost data cautioned that the figures likely understated BPP's total actual costs. Indeed, numerous LECs indicated that total cost information for all BPP components is not available now and is likely to remain unknown for at least several more years.[10] Clearly, however, BPP supporters acknowledge that BPP's actual costs will be even greater than the huge preliminary estimates in the record. See Attachment A, summarizing many of the huge preliminary BPP cost estimates provided in the initial comments by various LECs and IXCs.

Justifying the total costs of BPP against its purported benefits poses an insurmountable challenge. As noted in the comments, only a few 0+ callers have the potential to derive any benefit from BPP.[11] Indeed, BPP presents no benefit for calls handled by live operators, representing approximately 50% of all 0+/0- calls processed.[12] Moreover, BPP would provide no discernible benefit to AT&T subscribers making calls at the roughly 85% of aggregator locations presubscribed to AT&T. Indeed, the vast majority of 0+ callers reach their preferred IXC

---

[10] See, e.g., SWBT Comments at 12-13 (SWBT cannot reliably predict BPP costs); Pacific Companies at 18-22 (estimating BPP costs is a speculative process and current predictions are sketchy); Bell Atlantic Comments at Attachment A (the cost figures are a "best" estimate, but the actual costs "could be significantly different").

[11] See, e.g., Joint Comments at 17; Comments of CompTel at 12.

[12] See, e.g., Joint Comments at 17.

today absent BPP.[13] Many parties have shown that the caller is the billed party on the majority of operator assisted calls.[14]

Moreover, BPP's impact on the need to dial access codes to reach a preferred IXC is not significant in light of its huge costs. In the limited situations where use of access codes is necessary, consumers are becoming more and more accustomed to access code dialing to reach their preferred carrier. Indeed, BellSouth noted the results of a 1991 Bellcore study on this issue showing that "[a]ccess code dialing was not viewed as a significant issue by the respondents, many of whom routinely used this method to obtain service from their desired carrier."[15] Further, some LECs believe that the purported benefits of BPP in eliminating access code dialing are questionable. For example, U S West has stated that "the savings due to no longer having to dial an access code [2.5-5.5 seconds] is outweighed by added processing time [6-30 seconds] related to [BPP]."[16]

Whatever the final tally on BPP costs, BPP's slight benefits for a fraction of all 0+ and 0- interLATA calls are simply not worth BPP's price.[17] By their emphasis on cost recovery

---

13 See, e.g., CompTel Comments at 12-13; AT&T Comments at 7-8.

14 See, e.g., CNS Comments at n.9; CompTel Comments at 12-13; AT&T Comments at 5.

15 See BellSouth Comments at 9.

16 See U S West Comments at 13.

17 See NYNEX Comments at 16 ("on balance, the cost of [BPP] outweighs the benefits").

concerns, the LECs have significantly tempered their enthusiasm for BPP. The LECs have argued strongly that they must be guaranteed a way to recover BPP costs, and have expressed fears about "BPP bypass" through consumer use of access codes to reach IXCs instead of 0+ dialing.[18] To assure cost recovery, many LECs have urged the Commission to state specifically that all operator service providers, and not just LECs, must implement and use BPP.[19] Many LECs have seriously questioned BPP's costs,[20] and some LECs would oppose BPP absent a Commission guarantee that they will be able to recover their BPP costs.[21] The LECs have also expressed divergent views on how BPP would be classified under the Commission's price cap rules, raising questions about their abilities to set "reasonable" price levels for BPP if it is adopted.[22]

Perhaps most illuminating, Bell Atlantic, for years the most aggressive among the LECs in supporting BPP, suggests that the costs of BPP may have to be recovered on access for both calls dialed simply with 0+ and for those dialed with access codes --

---

18 See, e.g., U S West Comments at 19-20; NYNEX Comments at n.40 (noting that AT&T has indicated it will avoid the costs of BPP by instructing its customers to dial its access code).

19 See Pacific Companies Comments at 12; BellSouth Comments at 12.

20 See, e.g., NYNEX Comments at 15-16; BellSouth Comments at 19; U S West Comments at 19.

21 See U S West Comments at 19.

22 See SNET Comments at 1-2; NYNEX Comments at 16-20; Ameritech Comments at 20-21.

where BPP will not even occur since the consumer uses an access code to implement a carrier preference.[23] If, however, the Commission's rationale for BPP is that customers are willing to pay for a BPP service to avoid dialing access codes, Bell Atlantic's concern that consumers will dial access codes to avoid BPP shows that even Bell Atlantic believes that BPP's costs will outweigh that benefit.[24] Even more extreme is Bell Atlantic's suggestion -- contrary to the Commission's intent to preserve 10XXX access code dialing as an option for consumers[25] -- that maintaining 10XXX access code dialing in a BPP environment may cost more than $50 million and therefore may not serve the public interest.[26]

Joint Commenters and many other parties have shown that BPP cost recovery will lead inevitably to greater expenses for all IXCs providing 0+ services.[27] Some carriers predict that most IXCs, except for MCI and Sprint, will "opt out" of BPP altogether given its high costs.[28] All IXCs will have to pay substantial ongoing charges for BPP service under LEC tariffs. They will

---

23 See Bell Atlantic Comments at 6-7.

24 See also GTE Comments at 13; NYNEX Comments at 19.

25 See Notice at ¶ 12.

26 See Bell Atlantic Comments at 3. Bell Atlantic has not explained why this $50 million investment is technically required, or how it arrived at this figure.

27 See, e.g., Joint Comments at 9-10; CNS Comments at 7-10.

28 Comments of Advanced Telecommunications Corporation ("ATC") and LDDS Communications, Inc. ("LDDS") at 6.

also have to undertake expense and devote resources to reconfigure their facilities and trunking arrangements to accommodate a BPP system.[29] Moreover, IXCs that have issued calling cards in formats other than the CIID or 891 codes apparently will have to issue new cards with these formats in order to participate in BPP.[30] The end product of all of these expenses will be increased services rates to consumers.[31] This result disserves the public interest.

III. BPP'S SUPPORTERS HAVE IGNORED ITS REGRESSIVE, ANTICOMPETITIVE POLICY IMPLICATIONS

In their initial comments, Joint Commenters demonstrated that if the Commission mandates BPP, it will return bottleneck control over 0+ calling to LECs, and usher in a host of anticompetitive policy implications for the telecommunications industry. Supporters of BPP have failed to square this result with the public interest.

BPP's regressive policy implications are obvious from considering the impact BPP would have on regional IXCs lacking nationwide origination capabilities. But, as Joint Commenters predicted in their comments, BPP's supporters have missed the point. They claim that the proposed "partnering arrangements"

---

29 See, e.g., AT&T Comments at 12-14.

30 Comments of ATC and LDDS at 6.

31 See Joint Comments at 9-10; CNS Comments at 10-11; Comments of ATC and LDDS at 8; Comments of Value-Added Communications, Inc. at 4.

between regional IXCs lacking nationwide origination and those IXCs possessing such capability will assure a continued competitive role in the 0+ market for regional IXCs.[32] Of course, only LECs and the IXCs that have nothing to lose from such partnering arrangements have embraced this proposal.[33] Numerous parties have noted that, as a practical matter, only the three nationwide carriers could realistically serve as a partner for regional IXCs lacking such origination abilities.[34] Indeed, some parties contend that the Commission should require that only those three nationwide IXCs would be permitted to serve as such partners.[35] Thus, since BPP would substantially impair the competitive abilities of their smaller 0+ competitors, it is easy to see why Sprint and MCI believe that BPP is a good idea.[36]

But, whatever the short-term gains to MCI and Sprint, every IXC operating in the 0+ market will suffer competitive harm from BPP over the long term. Joint Commenters, CompTel and other parties agree with Joint Commenters that by interposing the LECs between IXCs and their customers for each and every 0+ and 0- call, BPP would re-establish a LEC bottleneck in the operator

---

32 See, e.g., Sprint Comments at 34; Pacific Companies Comments at 14-15.

33 See, e.g., Sprint Comments at 34; Pacific Companies Comments at 14-15; Ameritech Comments at 9-10.

34 See Joint Comments at 21; Comments of ATC and LDDS at 5-6.

35 See GTE Comments at 7.

36 See, e.g., Joint Comments at n.29.

services market.[37] Like Joint Commenters, other parties have noted that it would be indeed ironic for the Commission to take the backward step of forcing all operator assisted routing through the LEC operator services switch at a time when other pending proceedings are moving toward unbundling elements of the local exchange to foster competition.[38] Moreover, numerous parties have noted the intraLATA revenue windfall BPP will soon produce regardless of state regulatory decisions to promote intraLATA competition.[39]

IV. AT BEST, THE BPP TECHNICAL AND NETWORK CONFIGURATION DESCRIPTIONS IN THE RECORD ARE UNRELIABLE AND IMPRECISE

Most of the commenting parties have acknowledged that BPP has always raised technical implementation difficulties, stemming primarily from a general increase in call processing times and the need to use two operators on certain calls, including collect and third number-billed calls. In response to the Commission's request for comment on whether such problems can be resolved, the opening comments have provided sparse assurance that reliable

---

[37] See Joint Comments at 13; Comments of AT&T at 15-16; Comments of ATC and LDDS at 7-8; CompTel Comments at 23-24.

[38] See, e.g., Joint Comments at 13; CompTel Comments at 24.

[39] See, e.g., Joint Comments at 13; Comments of ATC and LDDS at 8 (BPP may be a vehicle for LECs to undermine intraLATA presubscription plans in various states); Comments of Value-Added Communications, Inc. at 3-4.

solutions exist for them, and have confirmed that BPP would take many years and huge resources to implement nationwide.[40]

For example, many BPP supporters claim that deployment of both Signalling System 7 ("SS7") capability between LEC and IXC operator services facilities and Automated Alternate Billing Service ("AABS") provide the answer to BPP's call processing delays and double operator problems.[41] Many LECs have shown, however, that use of these network technologies to resolve the traditional processing delays and double operator flaws of BPP raises numerous, complex sub-issues.[42]

For example, with respect to the "double operator" problem on some calls, U S West acknowledges that it could be alleviated by LEC deployment of SS7 and AABS, but states that "[a]t this time, SS7 for transport between [IXCs and LEC] OSSs has not been developed."[43] Moreover, according to U S West, even using AABS technology, the double operator problem would still persist for collect, bill-to-third-number and person-to-person calls. U S West believes that AABS would have to be modified to avoid the

---

[40] See, e.g., SNET Comments at 5-7; Bell Atlantic Comments at 8-9; Pacific Companies Comments at 9-11; U S West Comments at 8-13; BellSouth Comments at 7-16; SWBT Comments at 13-14.

[41] See, e.g., Ameritech Comments at 13-16; Sprint Comments at 22-26.

[42] See, e.g., BellSouth Comments at 13-16; SNET Comments at 5-6. SNET has indicated that it will not have SS7 deployed statewide until the year 2000. Id. at 6.

[43] U S West Comments at 8.

double operator problem.[44] At best, therefore, it appears that SS7 and AABS could minimize, but not completely eliminate, the need to use two operators on some calls.[45]

Even assuming that an upgraded version of AABS can be made available to address most dual operator situations, Southern New England Telephone ("SNET") notes that, in any event, a "percentage of AABS customers will decide to default to live operators" and therefore "some dual handling will continue to exist, primarily on collect calls."[46] SNET has aptly noted that as a "solution" to the double operator problem, AABS depends upon consumer acceptance of automation rather than live operator assistance. As Joint Commenters showed in their comments, this is no minor point given that live operator handled calls constitute roughly 50% of all calls handled by Joint Commenters.[47] It is unclear that consumers would readily accept the use of a technology such as AABS on a broad scale. Moreover, BellSouth has shown that AABS does not actually eliminate the need to use dual operator systems. Such dual use is an inherent feature of BPP. According to BellSouth, the transfer from LEC to

---

44 Id. at 8-9. See also Pacific Companies Comments at 10; Ameritech Comments at 14.

45 See BellSouth Comments at 14; Sprint Comments at 22-26; SWBT Comments at 13-14.

46 See SNET Comments at 5. See also BellSouth Comments at 14.

47 See Joint Comments at 17. See also CompTel Comments at 14-16.

IXC operator systems cannot be made transparent and would confuse end users.[48]

Many LECs claim that under BPP, IXCs would not be able to use their non-shared 14-digit line number cards because of limitations of LIDB systems.[49] The LECs contend that accommodating such cards would be complex, necessitating LIDB facilities modification to allow for fourteen digit carrier identification screening.[50] Sprint, however, believes there is no reason why IXCs should not be able to use such line number based calling cards in a BPP environment.[51] Sprint stresses that preserving IXCs' ability to issue line number is desirable because this card format "is the most consumer friendly." Sprint states that the CIID and 891 formats are far less desirable to consumers because the card numbers are lengthy and appear "scrambled."[52]

Based on the doubts and opposition LECs have shown for IXC line number cards under BPP, Sprint and any other supportive IXCs should realize that BPP is not a simple, "consumer friendly" technology. Over the long term, BPP will impair the competitive interests of all IXCs in the 0+ market. As AT&T has emphasized,

---

48 See BellSouth Comments at 14.

49 See, e.g., Bell Atlantic Comments at 9; Pacific Companies Comments at 16-17.

50 See, e.g., BellSouth Comments at 7-8.

51 See Sprint Comments at 12. See also MCI Comments at 8.

52 See Sprint Comments at 12.

the involvement of the LECs in routing every 0+ call will restrict IXC flexibility in designing their services and choosing network configurations.[53]

Joint Commenters urge the Commission not to adopt BPP and force these technical restrictions on IXCs. Given BPP's significant technical and cost recovery challenges, the LECs clearly are not rushing to embrace BPP. Their overall response to BPP is lukewarm at best.[54] The LECs have done more in their comments to highlight BPP's technical difficulties than to underscore its advantages. The record raises numerous questions about BPP technical matters which cannot be resolved quickly or economically.

If, despite the difficulties it poses, the Commission continues to consider BPP, the Commission must conduct further proceedings to examine thoroughly BPP's technical implementation. At a minimum, such implementation should include separate 0+ balloting to provide all carriers with a fair chance to serve end users.[55] Contrary to the contentions of some parties, mere notices to consumers announcing their ability to choose a 0+ carrier, and defaulting consumers to their 1+ carrier if no choice is made, would be anticompetitive. As numerous parties

---

53 See AT&T Comments at 15-16.

54 See, e.g., NYNEX Comments at n. 27 (expenditures for BPP "could require the reallocation by [NYNEX] of capital and expense dollars planned for infrastructure upgrades").

55 See CompTel Comments at 27-29.

have shown, the level of 0+ competition under BPP would plummet immediately without balloting, and the three nationwide IXCs would dominate the 0+ market overnight. It would be improper to default consumers to their 1+ IXCs. Not all 1+ carriers even provide 0+ services.[56] Separate 0+ balloting recognizes that the 0+ market is different from the 1+ market. Moreover, balloting is the only way to preserve the potential for an effectively competitive 0+ market under a BPP system.

V. CONCLUSION

Joint Commenters submit that, viewed in their entirety, the opening comments have laid to rest the issue of whether the Commission should adopt BPP. The record shows that BPP is too expensive, anticompetitive and technically complex to merit any further consideration. No party has found simple solutions to the complicated issues BPP raises. Moreover, no BPP supporter has shown that BPP will offer consumers additional carrier or service choices they do not already have in today's 0+ market under current federal regulations. Despite years of discussion and several rounds of public comments, the basic cost, policy and

---

[56] See id. at 29.

technical difficulties BPP has always presented remain unresolved. Accordingly, Joint Commenters urge the Commission to reject BPP.

Respectfully submitted,

Jean L. Kiddoo/apm

Jean L. Kiddoo
Ann P. Morton

SWIDLER & BERLIN, CHTD.
3000 K Street, N.W.
Suite 300
Washington, D.C. 20007
(202) 944-4834

Counsel for

Cleartel Communications, Inc.
Com Systems, Inc.
International Pacific, Inc.
TelTrust Communication Services, Inc.

August 27, 1992

43304.1

<u>ATTACHMENT A</u>

PRELIMINARY COST ESTIMATES FOR BPP

CARRIER	ESTIMATES		CAVEATS
Ameritech Operating Companies <u>See</u> Ameritech Comments at 16-18 (all interLATA 0+/0- calls).	Annual Costs One-time expenses	\$ 29,281,000 \$ 52,470,000	• If one-time expenses include 0+ balloting, they could substantially increase. • Ultimate level of BPP costs will be affected by the degree of direct operator involvement in BPP calls. • Definitive price estimates for software required to enable end offices and OSSs to accommodate BPP are not available.

CARRIER	ESTIMATES		CAVEATS
Bell Atlantic See Bell Atlantic Comments at Attachment A (all 0+ and 0- calls).	Capital One-time expenses Annual expenses	\$ 39,500,000 \$ 86,000,000 \$ 8,600,000	• Bell Atlantic cannot estimate the cost of BPP for calls from aggregator locations other than payphones because it cannot determine the 0+ interLATA traffic volumes from such locations. • Bell Atlantic's estimates are based on assumptions related to factors over which it has no control; the actual cost could be significantly different, particularly for new network capabilities. • Bell Atlantic contends that more than \$50 million of the upfront BPP cost will be incurred to accommodate 10XXX dialing in a BPP system.